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FEB 1, 2004

BEFORE THE BOARD OF MILK CONTROL
OF THE STATE OF MONTANA

ANNOUNCEMENT OF CLASS I, II & III PRODUCER PRICES



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PUBLISHED:
EFFECTIVE:

February 1, 2004
March 1, 2004
12:01 a.m.

PRODUCER CLASS I PRICE IN MONTANA

REF: ARM 32.24.301(5)

CLASS I PRICE FOR MILK TESTING 3.5%
CLASS I BUTTERFAT PRICE PER POUND

\$14.14 /CWT
\$1.53 /LB

EFFECTIVE MARCH 1, 2004:

The minimum price to pay milk producers, under ARM 32.24.301, is
per hundred pounds of milk testing 3.5% butterfat, f.o.b. the milk distributor's plant.

\$14.14

When milk does not test 3.5% butterfat, compute the applicable price by applying a differential of
15.3 cents for each one-tenth of one percent butterfat above or below the midpoint of each producer
payment. The value of one pound of butterfat utilized will be \$1.53.

PRODUCER CLASS II PRICE IN MONTANA

REF: ARM 32.24.301(6)

CLASS II PRICE FOR MILK TESTING 3.5%

\$12.01 /CWT

Average spray process dry milk solids
price per pound = \$0.85250
Multiplied by 8.2 x 8.2

\$6.99050

Last quote of the month for Grade AA butter
minus a differential of \$.0895 = \$1.46050
Multiplied by 4.2 x 4.2

\$6.13410

LESS a make allowance of 8.5% (\$13.1246 X .085)

Rounded to the nearest whole cent = \$12.01 /hundredweight.

STATE DOCUMENTS COLLECTION

FEB 1 2004

MONTANA STATE LIBRARY
1515 E. 6th Ave.
HELENA, MONTANA 59601

\$6.99050

+ \$6.13410
\$13.12460
- \$1.11559
\$12.00901

EFF: March 1, 2004

CLASS II BUTTERFAT PRICE PER POUND**\$1.62 /LB**

Last quote of the month for Grade AA butter				
minus a differential of \$.0895	=	\$1.46050	X .111)	= \$0.16212
Rounded to the nearest half cent				= \$0.162

Butterfat value per pound		
for milk at 3.5% test:	\$1.62	

Hundredweight price of milk testing 3.5%		=	\$12.01
LESS 3.5 pounds of butterfat at	\$1.62 per pound	-	\$5.670
Value of 96.5 pounds of skim		=	\$6.340

CLASS II VALUE OF			
ONE POUND OF SKIM	6.340 / 96.5 pounds)	=	\$0.06570 /LB

PRODUCER CLASS III PRICE IN MONTANA

REF: ARM 32.24.301(7)

CLASS III PRICE PER CWT FOR MILK TESTING 3.5%**\$10.18 /CWT**

3.5 pounds of butterfat	\$1.31 per pound =	\$4.585
96.5 pounds of skim	\$0.05802 per pound =	\$5.599
		<u>\$10.184 /CWT</u>

CLASS III BUTTERFAT PRICE PER POUND**\$1.31 /LB**

Last quote of the month for Grade AA butter		
minus a difference of \$.0895	=	\$1.46050
LESS 10%	-	\$0.14605
		<u>\$1.31445</u>

Rounded to the nearest whole cent	=	\$1.31 per pound.
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CLASS III PRICE PER CWT FOR SKIM MILK UTILIZED**\$5.80212 /CWT**

Avg. spray process dry milk solid price/lb :	\$0.85250
Multiplied by 8.2	<u>8.2</u>
	\$6.99050
LESS 17%	<u>\$1.18839</u>
	<u>\$5.80212</u>

Rounded to the nearest whole cent	\$5.80 per hundredweight.
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BY ORDER OF THE MONTANA MILK CONTROL BUREAU

Compiled by:

Patricia Roberts Jr.
 Monte Nick, Bureau Chief
 Montana Milk Control Bureau

BREAKDOWN BY TEST FOR CLASS I, II & III SKIM PRICES

CLASS I SKIM PRICE BASED ON \$14.14 FOR 3.5% MILK 96.5 LBS = \$8.785		CLASS II SKIM PRICE BASED ON \$12.01 FOR 3.5% MILK 96.5 LBS = \$6.340		CLASS III SKIM PRICE BASED ON \$10.18 FOR 3.5% MILK 96.5 LBS = \$5.599	
TEST	PRICE/LB	TEST	PRICE/LB	TEST	PRICE/LB
2.50	\$0.09010	2.50	\$0.06503	2.50	\$0.05743
2.55	\$0.09015	2.55	\$0.06506	2.55	\$0.05746
2.60	\$0.09020	2.60	\$0.06509	2.60	\$0.05749
2.65	\$0.09024	2.65	\$0.06513	2.65	\$0.05751
2.70	\$0.09029	2.70	\$0.06516	2.70	\$0.05754
2.75	\$0.09033	2.75	\$0.06519	2.75	\$0.05757
2.80	\$0.09038	2.80	\$0.06523	2.80	\$0.05760
2.85	\$0.09043	2.85	\$0.06526	2.85	\$0.05763
2.90	\$0.09047	2.90	\$0.06529	2.90	\$0.05766
2.95	\$0.09052	2.95	\$0.06533	2.95	\$0.05769
3.00	\$0.09057	3.00	\$0.06536	3.00	\$0.05772
3.05	\$0.09061	3.05	\$0.06539	3.05	\$0.05775
3.10	\$0.09066	3.10	\$0.06543	3.10	\$0.05778
3.15	\$0.09071	3.15	\$0.06546	3.15	\$0.05781
3.20	\$0.09075	3.20	\$0.06550	3.20	\$0.05784
3.25	\$0.09080	3.25	\$0.06553	3.25	\$0.05787
3.30	\$0.09085	3.30	\$0.06556	3.30	\$0.05790
3.35	\$0.09089	3.35	\$0.06560	3.35	\$0.05793
3.40	\$0.09094	3.40	\$0.06563	3.40	\$0.05796
3.45	\$0.09099	3.45	\$0.06567	3.45	\$0.05799
3.50	\$0.09104	3.50	\$0.06570	3.50	\$0.05802
3.55	\$0.09108	3.55	\$0.06573	3.55	\$0.05805
3.60	\$0.09113	3.60	\$0.06577	3.60	\$0.05808
3.65	\$0.09118	3.65	\$0.06580	3.65	\$0.05811
3.70	\$0.09123	3.70	\$0.06584	3.70	\$0.05814
3.75	\$0.09127	3.75	\$0.06587	3.75	\$0.05817
3.80	\$0.09132	3.80	\$0.06590	3.80	\$0.05820
3.85	\$0.09137	3.85	\$0.06594	3.85	\$0.05823
3.90	\$0.09142	3.90	\$0.06597	3.90	\$0.05826
3.95	\$0.09146	3.95	\$0.06601	3.95	\$0.05829
4.00	\$0.09151	4.00	\$0.06604	4.00	\$0.05832
4.05	\$0.09156	4.05	\$0.06608	4.05	\$0.05835
4.10	\$0.09161	4.10	\$0.06611	4.10	\$0.05838
4.15	\$0.09165	4.15	\$0.06615	4.15	\$0.05841
4.20	\$0.09170	4.20	\$0.06618	4.20	\$0.05845
4.25	\$0.09175	4.25	\$0.06621	4.25	\$0.05848
4.30	\$0.09180	4.30	\$0.06625	4.30	\$0.05851
4.35	\$0.09185	4.35	\$0.06628	4.35	\$0.05854
4.40	\$0.09189	4.40	\$0.06632	4.40	\$0.05857
4.45	\$0.09194	4.45	\$0.06635	4.45	\$0.05860
4.50	\$0.09199	4.50	\$0.06639	4.50	\$0.05863

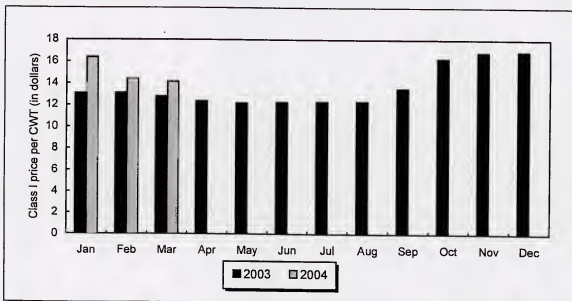
PRODUCER CLASS I PRICE IN MONTANA

Charts below show a class I price comparison for 2003 and 2004

Statistics from the Montana Milk Control Bureau

Month	2003	2004	Difference	% Change
January	\$13.07	\$16.39	\$3.32	25.40%
February	\$13.11	\$14.40	\$1.29	9.84%
March	\$12.78	\$14.14	\$1.36	10.64%
April	\$12.36			
May	\$12.19			
June	\$12.26			
July	\$12.29			
August	\$12.32			
September	\$13.52			
October	\$16.26			
November	\$16.82			
December	<u>\$16.92</u>			
Average	\$13.66	\$14.98	\$1.99	15.29%

Prices are per hundredweight (CWT).

**Completion of pooling (prior to audit) shows the producer quota blend prices to be:**

DEC 2003: class I = \$10.16; class II = \$1.40; Class III = \$2.88; total = \$14.44

(calculations based upon utilization percentages of butterfat & skim)